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Action Suit against Scholastic Corp.

NEW YORK--(BUSINESS WIRE)--August 20, 2007  
Lerach Coughlin Stoia Geller Rudman & Robbins LLP ("Lerach Coughlin") (<http://www.lerachlaw.com/cases/scholastic/>) today announced that a class action lawsuit has been commenced behalf of an institutional investor in the United States District Court for the Southern District of New York on behalf of purchasers of the common stock of Scholastic Corp. ("Scholastic" or the "Company") (NASDAQ:SCHL) between March 18, 2005 and March 23, 2006, inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

If you wish to serve as lead plaintiff, you must move the Court no later than 60 days from today. If you wish to discuss this action or have any questions concerning this notice or your rights or interests, please contact plaintiff's counsel, Samuel H. Rudman or David A. Rosenfeld of Lerach Coughlin at 800/449-4900 or 619/231-1058 or via e-mail at [wsl@lerachlaw.com](mailto:wsl@lerachlaw.com). If you are a member of this class, you can view a copy of the complaint as filed or join this class action online at <http://www.lerachlaw.com/cases/scholastic/>. Any member of the purported class may move the Court to serve as lead plaintiff through counsel of their choice, or may choose to do nothing and remain an absent class member.

The complaint charges Scholastic and certain of its officers and directors with violations of the Exchange Act. Scholastic Corporation, together with its subsidiaries, engages in the publishing and distribution of children's books, as well as development of educational technology products in the United States and internationally.

According to the complaint, during the Class Period, defendants issued materially false and misleading statements that misrepresented and failed to disclose: (i) that the Company's Educational Publishing division was suffering from a variety of adverse factors which were causing it to experience declining results and it was not performing according to internal expectations; (ii) that the Company's operations in the United Kingdom were not performing well and would have to be reorganized; (iii) that the Company's financial results were materially overstated as it was failing to timely write-down the value of certain print reference assets and it was failing to properly reserve for certain bad debts; and (iv) as a result of the foregoing, Defendants' lacked a reasonable basis for their positive statements

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about the Company and its prospects.

On December 16, 2005, Scholastic issued a press release announcing its financial results for the fiscal second quarter of 2006, the period ending November 30, 2005. For the quarter, the Company reported net income of \$66.9 million. In response to the disappointing earnings announcement, the price of Scholastic common stock declined from \$33.10 per share to \$29.30 per share on heavy trading volume. The complaint further alleges that Defendants, however, continued to conceal the scope of the problems at the Company and maintained earnings guidance that they knew could not be met.

Then, on March 23, 2006, Scholastic issued a press release announcing its financial results for the third quarter of 2006, the period ending February 28, 2006. The Company reported a net loss of \$15.5 million or (\$0.37) per share. In response to the Company's announcement, the price of Scholastic common stock declined from \$29.42 per share to \$26.04 per share on heavy trading volume.

Plaintiff seeks to recover damages on behalf of all those who purchased the behalf of purchasers of the common stock of Scholastic between March 18, 2005 and March 23, 2006, inclusive. The plaintiff is represented by Lerach Coughlin, which has expertise in prosecuting investor class actions and extensive experience in actions involving financial fraud.

Lerach Coughlin, a 180-lawyer firm with offices in San Diego, San Francisco, Los Angeles, New York, Boca Raton, Washington, D.C., Houston, and Philadelphia, is active in major litigations pending in federal and state courts throughout the United States and has taken a leading role in many important actions on behalf of defrauded investors, consumers, and companies, as well as victims of human rights violations. Lerach Coughlin lawyers have been responsible for more than \$45 billion in aggregate recoveries. The Lerach Coughlin Web site (<http://www.lerachlaw.com>) has more information about the firm.

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